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Sen. Edward Charbonneau  
Sen. Beverly Gard  
Sen. Dennis Kruse  
Sen. Jean Leising  
Sen. Scott Schneider  
Sen. Marlin Stutzman  
Sen. Carlin Yoder  
Sen. Jean Breaux  
Sen. Robert Deig  
Sen. Sue Errington  
Sen. Lonnie Randolph  
Rep. Win Moses, Co-Chairperson  
Rep. Matt Pierce  
Rep. Kreg Battles  
Rep. Ryan Dvorak  
Rep. Sandra Blanton  
Rep. Scott Reske  
Rep. Dan Stevenson  
Rep. Jack Lutz  
Rep. Robert Behning  
Rep. David Frizzell  
Rep. Eric Koch  
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## REGULATORY FLEXIBILITY COMMITTEE

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### MEETING MINUTES<sup>1</sup>

Meeting Date: October 13, 2009  
Meeting Time: 10:00 A.M.  
Meeting Place: State House, 200 W. Washington St., the Senate Chambers  
Meeting City: Indianapolis, Indiana  
Meeting Number: 4

**Members Present:** Sen. James Merritt, Co-Chairperson; Sen. Edward Charbonneau; Sen. Jean Leising; Sen. Marlin Stutzman; Sen. Jean Breaux; Sen. Robert Deig; Sen. Sue Errington; Rep. Win Moses, Co-Chairperson; Rep. Matt Pierce; Rep. Ryan Dvorak; Rep. Sandra Blanton; Rep. Scott Reske; Rep. Dan Stevenson; Rep. Jack Lutz; Rep. Robert Behning; Rep. David Frizzell; Rep. Eric Koch; Rep. Ed Soliday.

**Members Absent:** Sen. Beverly Gard; Sen. Dennis Kruse; Sen. Scott Schneider; Sen. Carlin Yoder; Sen. Lonnie Randolph; Rep. Kreg Battles.

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<sup>1</sup> Exhibits and other materials referenced in these minutes can be obtained electronically by requesting copies at [licrequests@iga.in.gov](mailto:licrequests@iga.in.gov). Hard copies can be obtained in the Legislative Information Center in Room 230 of the State House in Indianapolis, Indiana. Requests for hard copies may be mailed to the Legislative Information Center, Legislative Services Agency, West Washington Street, Indianapolis, IN 46204-2789. A fee of \$0.15 per page and mailing costs will be charged for hard copies. These minutes are also available on the Internet at the General Assembly homepage. The URL address of the General Assembly homepage is <http://www.in.gov/legislative/>. No fee is charged for viewing, downloading, or printing minutes from the Internet.

## Call to Order

Senator Merritt called the meeting to order at 10:10 a.m.

### Jennifer Alvey, Public Finance Director, Indiana Finance Authority

Ms. Alvey spoke to the Committee about the Indiana Finance Authority's (IFA) recent exploration of the possibility of outsourcing the I-Light fiber network to private entities and distributed a map of the I-Light network to Committee members. See Exhibit A. I-Light is a high speed telecommunications network that connects state supported and private colleges and universities across Indiana and provides access to national research networks such as Internet2. Ms. Alvey enumerated the pros and cons of outsourcing I-Light, as used by IFA in its study of the outsourcing issue:

#### **Pros**

- Generates an up front cash payment.
- Private entity provides required services at equal or lower cost.
- Eliminates need for annual \$2 million appropriation.
- Eliminates indirect government subsidy to private universities that connect to I-Light.
- Eliminates government subsidized competition with the private telecommunications industry.
- Increased use of network capacity, including for economic development purposes.

#### **Cons**

- Inability to provide continued access to Internet2.
- Inability to provide required services at equal or lower cost.
- Decrease in quality of service to colleges and universities.
- Decrease in ability of colleges and universities to customize interconnection needs.
- Increased costs in services provided to State Department of Health offices and Purdue University Extension offices that currently are served by I-Light.
- Inability to predict need for future technology and capacity.

Ms. Alvey also listed the challenges the IFA would face if it decided to outsource I-Light:

- I-Light is comprised of a complex web of assets, most of which are leased and none of which are owned by the State.
- Some colleges and universities contributed their own fiber to connect to I-Light and may not be willing to allow a private entity to continue using the fiber.
- There may be no way to guarantee colleges and universities access to national research networks if I-Light is operated by a private entity.

Finally, Ms. Alvey reported the IFA's recommendations concerning outsourcing I-Light:

- Months of additional legal research and due diligence would be required before IFA could write a request for proposals (RFP) to outsource I-Light.
- IFA cannot at this time determine the amount of an initial cash payment for I-light, nor can it determine whether the costs to colleges and universities would remain the same under private operation.
- IFA recommends against an RFP at this time due to the time and resources needed to draft an RFP, as well as the higher priority of other

projects, including substitute natural gas contracts.

- The State Board of Accounts is reviewing the allocation of I-Light appropriations and has requested the consideration of cost cutting measures.

Representative Pierce asked Ms. Alvey who provided the IFA with the list of pros and cons the IFA used to study the possibility of outsourcing I-Light. Ms. Alvey stated that they were suggested by about 20 groups, including Indiana University and telecommunications providers, and agreed to provide a complete list of the participants to the Committee. Representative Pierce also questioned whether the state could save money if it applied the I-Light model to K-12 networks. Ms. Alvey answered affirmatively and noted that the amount of savings would depend on how much the General Assembly would be willing to appropriate to the project. In response to a question from Representative Koch, Ms. Alvey confirmed that the \$2 million annual appropriation to I-Light is a fixed amount but that an increase in the connection fees charged to colleges and universities is being considered to offset the appropriation.

Brad Wheeler, Vice President for Information Technology, Indiana University

Mr. Wheeler addressed three questions in his testimony: first, what is I-Light; second, what does I-Light do; and third, how is I-Light funded and how is the money spent. See Exhibit B. Mr. Wheeler described I-Light as a very fast telecommunications network that connects colleges and universities across Indiana to national research networks like Internet2 and National Lambda Rail; I-Light contains over 1,200 miles of fiber optic cable, and over 1,000 of the 1,200 miles are leased or rented through agreements with 22 telecommunications providers. Mr. Wheeler passed samples of the fiber optic cable to Committee members and also provided members with maps detailing I-Light connections in Indiana as well as regional and national research networks. See Exhibit C.

Next, Mr. Wheeler listed the functions of I-Light:

- It serves the needs of higher education across Indiana.
- It enables the state and its colleges and universities to win major research grants.
- It currently serves 40 of 72 higher education campuses in Indiana. Mr. Wheeler offered to provide Senator Leising and other committee members a list of the specific campuses, including Ivy Tech campuses in southeastern Indiana, that I-Light currently services or will be connected to in the near future
- It provides a common educational network among Indiana higher educational institutions.
- It provides efficient service to both small and large campuses by providing services directly from the Data Center at Indiana University - Bloomington rather than from multiple computer centers throughout the state.

Finally, Mr. Wheeler described I-Light's funding sources and related expenditures:

- Three sources of money are used to create and operate I-Light:
  - Previous capital appropriations from the General Assembly
  - Annual operating appropriations from the General Assembly
  - Connection fees from colleges and universities
- I-Light funds are used to pay network staff and buy commercial services:
  - Eleven employees
  - Purchases of capital equipment and leases of fiber connections from telecommunications providers

- Life cycle funding account to replace equipment and leases as they expire

Philip Repp, Vice President for Information Technology, Ball State University (BSU)

Mr. Repp spoke to the Committee about BSU's participation in and use of I-Light. BSU purchases 700 Mbps (megabits per second) of bandwidth from I-Light and 100 Mbps from AT&T; one quarter of the bandwidth is used by BSU students. See Exhibit D. Mr. Repp explained that BSU uses I-Light to participate in a collaborative network for study, research, and creativity in the following ways:

- Delivery of online video and interactive events and projects, such as the Indianapolis Prize live simulcast and the Ball State Electronic Field Trip program, in which over 15 million students from 50 states and seven countries have participated.
- Complex three dimensional reconstructions of historic architecture.
- Portable three dimensional technology for inspection, imaging, reverse engineering, and surveying.
- Distributed production models for film and video projects, such as a project that transformed motion capture data from a bassist into a digital model which was then used to create an educational DVD teaching tool.

Scott Ksander, Chief Information Security Officer and Executive Director of IT Networks and Security, Purdue University (Purdue)

Mr. Ksander told the Committee that I-Light is a key factor for success and a strategic advantage in implementing the three elements of Purdue's strategic plan: launching tomorrow's leaders, promoting discovery with delivery, and meeting global challenges. He stated I-Light makes possible reliable connectivity to and effective use of national research networks like Internet 2 and National Lambda Rail. Mr. Ksander then informed the Committee that I-Light was a key factor in the recent award of a \$105 million grant to Purdue to establish the Network for Earthquake Engineering Simulation. According to Mr. Ksander, Purdue also uses I-Light in its grid and cloud computing initiatives, known as DiaGrid, as well as in the Northwest Indiana Computational Grid Project, which connects the University of Notre Dame, Purdue-West Lafayette, and Purdue-Calumet to each other and to the Argonne National Laboratory. Mr. Ksander expressed Purdue's continued support for I-Light.

Public Testimony and Other Business

Tony Maidenberry, President, Independent Colleges of Indiana, testified in support of I-Light and its future potential. Mr. Maidenberry stated that Indiana campuses, both state supported and privately funded, work well together in utilizing I-Light. He also stated that I-Light, as it has developed, is the ultimate economic development project.

Representative Moses adjourned the meeting at 11:25 a.m.